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May 2021

Mr. Jack Wheeler, County Manager
Members of the Legislature
Steuben County
3 East Pulteney Square
Bath, NY 14810

Report Number: S9-21-19

Dear County Manager Wheeler and Members of the Legislature:

The COVID-19 pandemic (pandemic) has had various levels of impact on the financial operations of local governments across New York State. Some local governments have seen little to no impact on their financial operations, while others have seen more significant impacts due to reductions and/or increases to their revenues and/or expenditures. This has led to some local governments having to reduce or eliminate some services and temporarily or permanently reduce staff positions. In addition, some local officials have decided to delay capital projects, which could result in future delays to other projects to maintain and improve local government infrastructures.

The pandemic has also created a difficult environment for officials to develop annual budgets given the unknowns of future financial impacts. The pandemic increases the need for local officials to more closely monitor their budgeted estimates for revenues and expenditures against actual results and modify their budgetary estimates accordingly, when warranted, during the course of their fiscal year.

To assess whether local officials adequately considered the impact of the pandemic on their financial operations while developing their 2021 fiscal year budgets, our office conducted reviews of 20 adopted budgets of various counties, cities, towns and villages across the State. Steuben County (County) is one of the local governments included in our review.

The objective of the review was to provide an independent evaluation of certain aspects of the adopted budget. Our review addressed the following question related to the County's adopted budget for the 2021 fiscal year:

- Did officials adequately assess the impact of the pandemic on financial operations while developing estimates for significant revenues and expenditures in the 2021 adopted budget?

Summary of Findings

Our review found that officials adequately assessed the impact of the pandemic on financial operations while developing estimates for significant revenues and expenditures in the 2021 adopted budget.

However, in consideration of the continually new and evolving impacts caused by the pandemic, County officials should carefully monitor their budgeted to actual revenues and expenditures and make amendments to the budget as needed throughout the year.

Methodology

To accomplish our objective in this review, we requested your adopted budget and other pertinent information. We interviewed officials and reviewed the adopted budget to gain an understanding of the budget development process and to determine whether any estimates in the adopted budget were adjusted by officials due to the potential impact the pandemic could have on financial operations. We identified and examined for reasonableness significant estimated revenues and expenditures¹ and estimated revenues and expenditures below our established threshold that could more likely be impacted by the pandemic. We also identified any significant new revenue or expenditure estimates and made appropriate inquiries to assess whether the estimates were realistic and reasonable. In addition, we evaluated the amount of fund balance and/or reserves appropriated in the adopted budget to be used as a financing source and determined whether these amounts were available and sufficient for that purpose.

The scope of our review does not constitute an audit under generally accepted government auditing standards (GAGAS). We do not offer comments or make specific recommendations on public policy decisions, such as the type and level of services under consideration to be provided.

Background

The County is located in the southern tier region of New York State, encompassing 32 towns, 14 villages and two cities. The County is governed by the County Legislature (Legislature), which is composed of 17 elected members, one of whom serves as the Chair. The County Manager (Manager) is appointed by the Legislature and serves as the County's chief executive officer and also acts as the budget officer. The Commissioner of Finance is appointed by the Legislature and serves as the chief fiscal officer.

¹ For this review, we established significant estimated revenues and expenditures to be those consisting of 5 percent or more of a fund's total budget estimates.

The Manager requests estimates from department heads to use in the preparation of the tentative budget. The Manager prepares the tentative budget and presents it to the Legislature’s finance committee. The finance committee then makes any necessary revisions and presents the preliminary budget to the full Legislature. The County holds a public hearing on the preliminary budget and then makes any necessary final revisions prior to adopting the budget.

The County’s operating funds consist of general, county road, road machinery and solid waste funds. In addition to the four operating funds, the County maintains a separate economic development fund. The County provides various services to its residents, including general government support, educational assistance, economic assistance, highway construction and maintenance, law enforcement, traffic safety, emergency management services, parks, youth and aging services, mental health, public health, environmental control and solid waste management. The County predominately finances operations by sales tax, real property taxes, rental of equipment, charges for solid waste and State and federal aid.

Following are the 2021 adopted budget figures, broken down by funds, along with the 2020 adopted budget total for all funds for comparative purposes.

Figure 1: 2021 Adopted Budget				
Fund	Appropriations and Provisions for Other Uses	Financing Sources		
		Estimated Revenues	Appropriated Fund Balance and Reserves	Real Property Taxes
General	\$162,589,529	\$121,058,600	\$7,461,211	\$34,069,718
County Road	20,334,652	3,599,854	620,000	16,114,798
Road Machinery	3,748,219	2,941,000	0	807,219
Solid Waste	6,978,500	6,978,500	0	0
Economic Development	195,000	160,000	0	35,000
Total for 2021	\$193,845,900	\$134,737,954	\$8,081,211	\$51,026,735
Total for 2020	\$197,130,584	\$138,725,627	\$7,879,618	\$50,525,339

Our review found that while developing 2021 budgetary estimates for significant revenues and expenditures, County officials adequately considered the pandemic's impact on financial operations. If you have any questions on the scope of our work, please feel free to contact Julie Landcastle, Chief Examiner of the Statewide and Regional Projects Unit, at (607) 721-8306.

Sincerely,

Elliott Auerbach
Deputy Comptroller

cc: Tammy Hurd-Harvey, Commissioner of Finance
Edward Grant, Regional Chief Examiner